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PROGRAMME PLANNING

Country and intercountry programmes and projects

SIXTH COUNTRY PROGRAMME FOR GUATEMALA

Programme period	Resources	$
1992-1996	IPF	9 639 000
	Estimated cost-sharing	12 729 000
	Total	22 368 000

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I. DEVELOPMENT SITUATION, OBJECTIVES AND STRATEGIES

A. Current socio-economic situation

1. The deterioration of the economy during the first five years of the past decade made it necessary to take corrective measures during the 1986-1990 period of government. In the political area, Guatemala embarked on the peace process and explored new avenues for the overall development of Central America.

2. The adjustment effort yielded positive results between 1986 and 1988, but was inadequate and was not sustained. After the second half of 1988, macroeconomic policies lacked the necessary consistency and coherence. Fiscal policies lost momentum without achieving the objectives and goals of improving revenue collection; budget overruns were financed with domestic credit, thereby increasing the fiscal deficit, yet the increased expenditure was not balanced by significant progress in services to social sectors, public investment and the timely honouring of commitments to the international financial community. The monetary, exchange and credit policies were implemented erratically and the available instruments were not used when they should have been. The inevitable result was an acceleration of inflation with adverse effects on the exchange rate and real salaries.

3. Social problems, which had always been critical, were not given due attention and, in most cases, became more acute. Guatemala's human development index (HDI) value for 1990 was 0.488, placing the country in the category of low human development, with an HDI rank of 103; of the Latin American countries, only Bolivia and Haiti were ranked lower, and Guatemala was in last place in the Central American region. In terms of figures, this is reflected as follows:

(a) In 1990, real per capita income was similar to that of 1973 (1,039 quetzales at 1983 prices); 6 per cent of the economically active population was unemployed and 35 per cent was underemployed;

(b) About 52.3 per cent of the population over 15 years of age was illiterate, increasing to 60 per cent in the case of women; the average level of schooling of the population over 10 years of age is less than three years, since of every 100 children enrolled in first grade, only 27 complete sixth grade;

(c) The infant mortality rate is 45 per 1,000; 80 per cent of the children under five years of age suffer from some degree of malnutrition; it is estimated that only 47 per cent of the population has access to the health system; and of the total number of households, 62 per cent have no drinking water connection in the home and 70 per cent have no sewage system.

4. According to Government estimates, poverty increased from 63 to 83 per cent between 1981 and 1987. During the same period, extreme poverty doubled from 32 to 64 per cent. Between 1980 and 1990, open unemployment

increased from 2.2 to 7.8 per cent, hidden unemployment from 29 to 35.4 per cent, and total unemployment from 31.2 to 43.1 per cent. Since 50.6 per cent of the economically active population is engaged in agricultural activities, it may be concluded that unemployment and poverty are greater in the countryside, encouraging migration towards the towns and swelling the size of poor urban areas.

5. Socio-economic deficiencies give rise to subsistence living which, in turn, puts pressure on the environment. The environment is affected by the inappropriate use and irrational exploitation of natural resources. In Guatemala, the worst impact has been on forests, whose destruction for agricultural purposes and energy uses is attaining the proportions of a national disaster. Between 1980 and 1990, the use of firewood as fuel increased from 54 to 63 per cent of Guatemala's total energy consumption.

6. Lastly, it should be borne in mind that the persistence of poverty pushed social conflict to extreme forms, and that poor people in rural areas were the worst affected. According to estimates of the United Nations High Commissioner for Refugees and the International Conference on Central American Refugees (UNHCR/CIREFCA), there are about 100,000 displaced people within the country and 250,000 Guatemalans in other countries as a result of the armed conflict. These figures do not include the thousands of Guatemalans who have emigrated to other countries in search of better living conditions.

B. National development objectives and strategies

7. The Government of Guatemala has laid down as national development objectives the alleviation of poverty and the consolidation of the processes of peace and reconciliation. The emphasis is on activities to promote the social and economic recovery of the areas affected by armed conflict, in the context of economic readjustment, the fundamental aim being to create conditions in which the population can achieve a higher level of well-being and progress.

8. The short-term economic strategy is designed to improve stability, while the long-term strategy is aimed at modernizing the economy. Within this framework, a series of macroeconomic measures have been implemented which are designed to eliminate the fiscal deficit, substantially reduce inflation, maintain the interest rate favourable in real terms and keep the exchange rate to a reasonable margin of fluctuation in order to encourage investment and exports. The objective of these measures is to gain credibility and win the trust and support needed in order to eliminate structural distortions and promote sustained economic growth with high levels of productive employment.

9. The social strategy seeks to reduce poverty by focusing on services for impoverished social groups. The policies accord priority to the adoption of measures designed to generate permanent productive employment, increase investment in human capital and guarantee transfers to the most vulnerable sectors, especially during the elimination of structural imbalances. The

measures adopted and proposed include broadening the coverage and improving the quality of educational, health and social security services and establishing ad hoc mechanisms for the flexible implementation of projects to benefit target social groups. These include the Peace Fund (FONAPAZ), whose purpose is to finance programmes and projects for displaced population groups and other sectors affected by the armed confrontation; and the Social Emergency Fund (FESS), which concentrates on projects and activities with an immediate impact on the social and productive development of the poorest sectors, especially in the rural areas.

10. In order to achieve total peace, efforts are being made to put an end to the armed conflict and establish a permanent dialogue among all the sectors with a view to drawing up a social compact. Implicit in the decisions on this subject are measures to encourage citizens to participate in decision-making, the creation of conditions and strengthening of institutions to guarantee respect for human rights and the modernization of the State's administrative apparatus in order to make public administration efficient.

11. Lastly, the Government has explicitly stated its interest in and intention of supporting all programmes designed to solve problems of world-wide concern. They include social integration; services for children; the full participation of women in economic, social and political activities and the preservation of the environment and rational use of non-renewable resources.

II. EXTERNAL COOPERATION

A. Role of external cooperation

12. The Government believes that the peace process has the highest priority among its political objectives; without it, all other efforts, such as the alleviation of extreme poverty and economic stabilization, would be seriously threatened. Although the three objectives are closely linked, it is felt that external cooperation should be channelled as a matter of priority towards the peace process without detriment to other sectors.

13. The role played by the international community has been crucial in strengthening the integral development of the Guatemalan people. In 1990, according to the report which the President submitted to the Congress of the Republic in 1991, bilateral and multilateral cooperation, both technical and financial, amounted to a total of $473.3 million.

14. In 1990, Guatemala received $342.8 million from bilateral sources, including $8.7 million for technical cooperation, $122.8 million for non-reimbursable financial cooperation and $211.3 million for reimbursable financial cooperation.

15. In that same year, multilateral assistance to Guatemala amounted to $130.5 million, comprising $91.9 million in technical cooperation and $38.6 million in reimbursable financial cooperation. The largest contribution

from a multilateral source is the technical cooperation provided by the United Nations system.

16. Bilateral technical and financial cooperation has been directed mainly to the communications sector, energy production and the balance of payments. Multilateral bodies have concentrated their cooperation on health and social welfare, agriculture, and education, science and culture. The education, science and culture sector received the largest share of technical cooperation resources in 1990.

B. Aid coordination arrangements

17. The bodies responsible for technical and financial cooperation are the General Secretariat of the National Council for Economic Planning (SEGEPLAN), through its bilateral and multilateral cooperation offices, and the Ministry of Finance, through its external financing office.

18. The Government attaches great importance to aid coordination arrangements and to that end has requested assistance from UNDP in establishing and strengthening a unified system for the management of international cooperation. The main instrument for these efforts will be the National Technical Cooperation Assessment and Programmes (NATCAP) exercise, which is being initiated. Its aim is to strengthen the capacity of national development institutions to design ways and means of streamlining the programming and coordination of technical cooperation in support of development investment policies and programmes.

III. THE COUNTRY PROGRAMME

A. Assessment of ongoing country programme

19. The fifth country programme was formulated at the time that a popularly elected civilian government took office and it was designed to strengthen the process of democratic transition. A number of the programmes and projects continue to be relevant to the current authorities, including the following:

(a) The export-promotion project, which prepared the way for the development of the export sector through the strengthening of institutions and the training of public-sector and private-sector personnel in international trade;

(b) The national programme for microenterprises, also supported by the Government of the Netherlands, which was a vehicle for incorporating the informal sector into the national economic structure and improving its productive capacity. Under the project for cooperative enterprises, training in self-management was provided to individuals and groups, especially women, with community backing, for the establishment or strengthening of cooperative enterprises;

(c) Cooperation in the modernization and decentralization of the State apparatus, with emphasis on training national personnel, so as to be able to decentralize public administration, and on automating public offices involved in international trade. In order to streamline, complement and coordinate the activities of institutions responsible for national planning, economy and finances, the fifth country programme provided support for the establishment of a national statistical system. Computerized systems for the monitoring and follow-up of projects, and for project management information, were also developed, with external financing. An inventory was made of production capability and of socio-economic conditions at the municipal level;

(d) In terms of strengthening the participation of the population and the national identity, the ongoing project for curricular improvement and reorganization, whose purpose is to redesign the school curricula and to introduce bilingual education in the schools of Maya-speaking communities, with Spanish taught as a second language during the early years of primary school.

20. Some deficiencies have been identified in the execution of the fifth country programme: the proliferation of projects whose main impact is in the metropolitan area of Guatemala; the high proportion of institutional-support projects; and the high turnover of personnel in receiving bodies, with a resulting impact on the national capacity for the identification, design, formulation, follow-up and evaluation of projects and utilization of results.

21. During the period of the fifth programme, efforts were begun to overcome these problems. The dispersion of projects was stemmed through an exchange of experience and collaboration, and projects directed towards the rural areas were developed.

22. Despite the scarce resources available at the end of the programme, preliminary activities were carried out in support of the peace process, reorientation of the economic system, Guatemala's admission to the General Agreement on Tariffs and Trade and the initiation of the NATCAP exercise.

23. The fifth country programme was supplemented with other regional initiatives such as the Special Plan of Economic Cooperation for Central America (PEC), which is aimed at facilitating the process of regional peace through the economic and social development of Central America as a whole; the International Conference on Central American Refugees, which is designed to support the return of Central American refugees and persons displaced by violence and internal conflicts; and the PRODERE (Development Programme for Displaced Persons, Refugees and Returnees in Central America) project, which provides assistance to internal displaced persons and through which $23 million of assistance from the Government of Italy to Guatemala is being mobilized.

B. Proposals for UNDP cooperation

1. Preparatory process

24. The sixth country programme is the outcome of a permanent dialogue among the various national authorities, an assessment of cooperation needs carried out with the support of the Economic Commission for Latin America and the Caribbean (ECLAC), and a process of sectoral validation proposed by UNDP. In addition, formal consultations were organized by the Secretariat of the National Council for Economic Planning, with the highest public authorities representing each of the areas of concentration.

2. Strategy for UNDP cooperation

25. The historic challenge of achieving sustained economic growth along with social equity in an atmosphere of peace and democracy involves, for the Government of Guatemala, optimizing the country's scarce resources and taking advantage of external cooperation in order to maximize its impact in the areas of concentration and priority programmes which have been assigned key roles in attaining the objective of development.

26. The Government recognizes that the organizations of the United Nations system, especially UNDP, even with limited financial resources, have accumulated experience and know-how in space and time which should be efficiently used. Along with these advantages are others, such as the capacity for mobilizing and coordinating external aid, gaining access to and transferring technology suited to the country's needs and the capacity for making the most of these advantages in the shortest possible time.

27. In the light of the foregoing, it is hoped that UNDP will support the Government's objectives of stabilization and sustained economic growth, eradication of extreme poverty and the elimination of the obstacles which impede the consolidation of the process of peace and democracy, and that it will employ a strategy emphasizing three components of technical cooperation delivery: facilitating the development process; supporting productive, social and institutional change; and contributing to the development and expansion of the modalities and structures of participation.

28. Encouraging dialogue and enabling political and socio-economic consensus to be reached. The aim is to make use of the comparative advantages of UNDP in creating conditions favourable to the development of social and institutional dialogue and in sustaining this process by providing directly, or securing at an appropriate time, the technical inputs, direction and logistical facilities that would make it possible to achieve consensus and agreements on socio-economic and political matters, such as peacemaking and national reconciliation and the normalization of relations with the international and financial community.

29. Supporting productive, social and institutional change. The technical cooperation resources of UNDP can help to promote productive, social and institutional change by providing direct support, in the form of seed capital, to priority programmes in the areas of concentration, in order to mobilize additional technical and financial cooperation resources thereby permitting start-up and execution. The preferred forms of UNDP technical cooperation should focus on the generation, transfer and adaptation of technologies, training of human resources, organization of the information and institution-building, which together contribute to the formulation and management of programmes designed to promote the productive, social and institutional transformation of the country.

30. Helping to expand the means of participation. Participation is understood in the broadest sense. The Government hopes that UNDP will channel its technical cooperation resources towards the development and expansion of modalities, units and structures for organizing the participation of persons, groups, sectors and institutions, the formation of opinion, decision-making and direct involvement in economic, social and political activities in support of general welfare and human development. The modalities of cooperation delivery will consist, in particular, of institution-building, the development of information systems and the establishment of bodies to permit and encourage discussion, awareness and agreement.

31. In order to ensure that the above means of intervention become operational, UNDP will have to accord particular attention to institution-building in the Secretariat of the National Council for Economic Planning, so as to equip it for its role as coordinator of international cooperation management, and in other executing agencies designated by the Government of Guatemala.

3. Proposals for UNDP cooperation

32. The sixth programme which the Government is submitting to UNDP concentrates on poverty alleviation and national peace and reconciliation. It calls for support for the process of modernization and dynamization of the economy, as a basis for peace. Accordingly, the sixth UNDP programme will focus on the following areas during the period 1992-1996.

33. Assistance in consolidating the national peace and reconciliation process. At the very beginning of its administration the new Government of Guatemala announced its intention of putting into effect a national peace and reconciliation plan covering a broad range of economic and social programmes and projects. UNDP support will be concentrated in the following areas:

(a) Providing technical inputs to facilitate dialogue with a view to ensuring consensus and agreement prior to decision-making on national problems;

(b) Social and economic recovery for uprooted population groups and areas affected by armed conflict, including the establishment of new human

settlements and all the associated problems, the strengthening of communities which receive returnees or those displaced internally, and efforts to reactivate production and investment in former conflict areas, with due consideration for the conservation of the environment. Together with this effort, ongoing actions under such projects as the Development Programme for Displaced Persons, Refugees and Returnees in Central America and such processes as the follow-up to the International Conference on Central American Refugees will be continued and expanded;

(c) Such other priority actions receiving nationwide coverage as the promotion and effective exercise of human rights, the strengthening of the administration of justice and the security of citizens, and the enhancement of the technical capacities of various institutions including the Congress of the Republic. All this is in keeping with the guidelines of the Government and the recommendations contained in the report of the independent expert appointed by the Secretary-General of the United Nations to review the national situation with respect to human rights;

(d) Support for the management and consolidation of the Guatemalan Peace Fund and of other bodies linked to the Government's Peace Plan. Such support includes the requisite assistance for the modernization of a unified and efficient system for international cooperation management.

34. The impact of UNDP cooperation can be evaluated inasmuch as it contributes to the management and consolidation of bodies like the Guatemalan Peace Fund and the strengthening of various democratic institutions including the Congress of the Republic. Moreover, technical inputs are provided which enable the constituent groups of Guatemalan society to reach consensus and agreement.

35. Complementary assistance. The Government of Guatemala contributed the initial amount of $6,972,000 to start the Guatemalan Peace Fund. The international community looked approvingly on this gesture, and accordingly a considerable amount of resources is expected to be mobilized for this area of concentration. In specific terms, contributions are being negotiated from the United States, the European Economic Community and the Government of Austria, among others, and they will supplement the FONAPAZ efforts in rehabilitating the areas affected by the conflict and providing relief to uprooted population groups through PRODERE and the special programme of support extended by the international community to the Peace Plan within the framework of NATCAP.

36. Assistance for stabilization and economic growth. The Government has assigned high priority to the stabilization and modernization of the economy and the reactivation of the agricultural, manufacturing and services and infrastructure sectors. In the cooperative efforts made towards these goals, UNDP action will be concentrated in the following areas:

(a) Helping to normalize relations with the international financial community. This involves support in consolidating the economic stabilization policies so as to create favourable conditions for equitable economic growth and the modernization of the economy;

(b) Helping to strengthen the productive process on the basis of efficiency and competitiveness, with a view to ensuring the satisfaction of the internal market and profitable participation in the external market. To this end, the following actions are considered the essential minimum:

(i) Helping to mobilize international cooperation with respect to labour-intensive technology and facilities applied to production and marketing in general;

(ii) In conjunction with agencies of the United Nations system, continuing to cooperate with the Government in implementing the national export programme, including: market identification, expansion of the range of exports, development of "export consciousness", strengthening of the machinery for financing, international negotiation and investment promotion;

In order to reinforce the capacity of a national programme with these characteristics, UNDP support to Central American integration will continue within the framework of regional and subregional programmes;

(iii) Strengthening the capacity to generate and adapt technologies by increasing scientific activity and instituting closer ties between the academic sector and the productive sector;

(iv) Cooperating with the Government and the productive sector in vocational training and skills development suited to the changes in productive processes which Guatemala is trying to effect;

(v) Continuing efforts to enhance the efficiency and competitiveness of microentrepreneurs and small-scale entrepreneurs through credit systems, business management assistance and improvement of production and marketing, with priority being given to women's and cooperative groups that have entrepreneurial potential, with a view to their being incorporated in the formal economy.

(c) In order to ensure the possibility of sustained growth, supporting strengthened environmental action and the rational use of natural resources. Cooperating with the Government in the design of guidelines to make environmental protection productive and to introduce environmental components into programmes and projects relating to investment in and exploitation of resources and establish control mechanisms for programmes and projects implemented in areas of high environmental sensitivity. Continuing to support integrated development programmes where environmental protection is of major importance;

(d) Facilitating and participating in capacity-building for public investment management. This includes: support in establishing a preinvestment system; building management capacity for preinvestment financing and contractual arrangements, and strengthening institutional capacity for making investments;

(e) To achieve sustained economic growth and poverty alleviation with a view to advancing the process of peace and reconciliation, lending continuing support to the efforts to modernize the State and decentralize its administrative apparatus. In the light of the experience acquired during the fifth programme, emphasis will be placed on training a nucleus of professionals to take charge of the formulation and initiation of public policies and the efficient administration of resources belonging to the State. This will include capacity-building in analysis, design, implementation, follow-up and evaluation of policies, programmes and projects. In addition, encouragement will be given to efforts to reform and rationalize legal, organizational and functional structures and institute controls designed to ensure efficient and transparent management in the public sector.

37. The impact of UNDP cooperation is linked to the contribution being made to achieve the goals set in the package of macroeconomic measures which the Government has adopted to stimulate investment and employment-generating exports.

38. Complementary assistance. In addition to UNDP resources, cost-sharing by the Government will provide an amount of $1,314,000 earmarked for the development of small-scale producers in Zacapa and Chiquimula and the programme for national microenterprises and modernization of internal revenue offices. In addition, the Government is negotiating with the Inter-American Development Bank (IDB) regarding a technical cooperation project for the reorganization and systematization of public administration costed at $2.5 million.

39. Support for action to reduce poverty. In keeping with the priorities which the Government has set for the effective alleviation of poverty and hence the strengthening of the peace process, measures must be adopted in the social as well as the economic field. UNDP cooperation will be directed towards the following:

(a) Support in establishing social transfer programmes, which will compensate for accumulated social disadvantages and reduce the economic impact of stabilization and adjustment programmes, with a view to assisting the most vulnerable population groups (nursing mothers, widows, children, the elderly and the disabled);

(b) Continuation of various ongoing efforts, such as help to the Social Emergency Fund, and other future efforts, as well as cooperating with the Government in the generation of temporary employment and the improvement of income levels in rural communities, with emphasis on measures that will be of direct benefit to women. Special attention will be given to the coordination between these efforts and those developed by FONAPAZ;

(c) Support to programmes which encourage the generation of permanent productive employment and raise incomes, with emphasis on rural areas. This implies continuing support to ongoing programmes, such as the national microenterprise programme, which will be extended to the rural areas;

(d) Helping to expand the coverage and improve the quality of health and education services, especially in rural areas, through support to the ministries which are being decentralized. As far as health is concerned, special attention will be given to campaigns to prevent and control epidemics. In education, the focus will be on revising the curriculum and universal education, with special emphasis on bilingual education and the inclusion of lessons on environmental education and civics and consciousness-raising with respect to human rights;

(e) Cooperating with the Government in further expanding opportunities, in keeping with the human development concept, for groups which traditionally have been marginalized or discriminated against, especially women and ethnic groups. This involves, inter alia, intensive efforts to identify projects which meet the special needs of women in different circumstances (widows, heads of household in rural areas or poor urban areas). During 1993, which has been proclaimed "International Year for the World's Indigenous Peoples", there will be intensified efforts to promote the cultural heritages and values of ethnic groups.

40. The impact of UNDP cooperation can be evaluated in the light of the implementation of programmes and projects designed to increase the coverage of social compensation and employment- and income-generating programmes in rural communities.

41. Complementary assistance. The Government has already made progress in the negotiations for a structural adjustment loan of $135 million from the World Bank. It is also in the process of adopting the Social Emergency Fund project as a compensation facility towards which the Government of Guatemala will contribute at least $83,700 in the form of cost-sharing. The Government of the Netherlands will supplement the country funds with $8.7 million for education, handicrafts, microenterprises and food security. It should be noted that a loan of $10 million in support of the National Micro-enterprises Programme is also being negotiated with IDB.

C. Implementation and management arrangements

42. The Government of Guatemala will take special care to ensure that external assistance received from other sources that are not organizations of the United Nations system is channelled into top-priority government areas and contributes in a coordinated way to the country's economic and social development.

43. With a view to ensuring that external cooperation and its impact produce a multiplier effect, UNDP resources should be used as seed money designed to attract additional financial resources and technical cooperation into the areas of concentration. Part of these resources will be used to streamline the Guatemalan Government's strategic programmes structured around each of the areas of concentration.

44. To this end, government-executed strategic projects will be formulated chiefly with a view to converting the areas of concentration into programmes. UNDP cooperation will be directed specifically towards the formulation of programme strategies, the use of existing resources and mobilization of new resources, and the identification and selection of critical areas that have been neglected or require additional assistance in order to ensure continuous updating and optimization of the country programme. The pursuit of a "programme" approach would thus be initiated.

45. In line with the trend towards a programme approach, the sixth country programme will provide for increasing use of the national execution modality with a view to speeding up the internalization of programme planning and implementation. A strategic national execution project in support of the Government will be formulated for the launching of new management modalities. Provision may also be made for use of the Management Development Programme (MDP) to support the modernization and decentralization of the State.

46. In view of the experience accumulated by other countries in the region, particularly as regards poverty and national economic and social rehabilitation plans for conflict zones and in other areas of interest, the sixth country programme will seek to make intensive use of technical cooperation among developing countries. In addition to the widening of channels of communication opened up during the previous programme, contacts initiated with Chile, Colombia and the Central American countries will be developed and cooperation with new partners promoted.

Annex I

FINANCIAL SUMMARY

I. ESTIMATED RESOURCES (IPF + cost-sharing) TAKEN INTO ACCOUNT FOR PROGRAMMING

	(Thousands of dollars)	
Carry-over from fourth cycle IPF	(763)	
Fifth cycle IPF	10 402	
Subtotal IPF		9 639
Project cost-sharing (Government)	2 029	
Project cost-sharing (Third party)	10 700	
Programme cost-sharing	-	
Subtotal cost-sharing		12 729
Total IPF + cost-sharing		22 368
Government cash counterpart contrition		-
TOTAL IPF + COST-SHARING + GCCC		22 368

II. ALLOCATION OF RESOURCES (IPF + cost-sharing) BY AREA OF CONCENTRATION

Areas of concentration	Thousands of dollars IPF	Cost-sharing	Total	Percentage of total resources
Consolidation of the national peace and reconciliation process	3 003 250	-	3 003 250	13
Stabilization and economic growth	3 215 500	3 314 000	6 529 500	29
Alleviation of poverty	2 580 750	9 415 000	11 995 750	54
Subtotal	8 799 500	12 729 000	21 528 500	96
Unprogrammed reserve	839 500	-	839 500	4
TOTAL	9 639 000	12 729 000	22 368 000	100

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III. COMPLEMENTARY ASSISTANCE FROM OTHER SOURCES USED IN AREAS OF CONCENTRATION

(Thousands of dollars)

A. UNDP-administered funds		
Special programme reserve	150.0	
UNRFNRE	20.0	
Subtotal		170.0
B. Other United Nations resources		
JCGP participating agencies		
UNFPA	2 158.0	
UNICEF	27 186.6	
WFP	44 649.9	
IFAD	7 000.0	
Other United Nations agencies (non-UNDP financed)	4 500.0	
Global Environment Facility	15.0	
Subtotal		85 509.4
C. Non-United Nations resources		
TOTAL		85 679.4

Annex II

PROGRAMME MATRIX a/

Area of concentration	Area of focus					
	Alleviation of property	Environment and natural resource management	Management development	TCDC	Transfer and adaptation of technology	WID
I. CONSOLIDATION OF THE NATIONAL PEACE AND RECONCILIATION PROCESS						
Technical inputs to facilitate dialogue			*	*		
Support for solving the problem of uprooted populations	*	*		*	*	*
Strengthening of democratic institutions and social participation	*		*	*		*
Support for the management and consolidation of bodies associated with the Peace Plan and international cooperation	*	*	*	*	*	*
II. STABILIZATION AND ECONOMIC GROWTH						
Enhancement of the efficiency of fiscal policy	*		*		*	
Support for the normalization of relations with the international financial community		*	*	*		
Strengthening of the productive process	*	*	*	*	*	*
Enhancement of export capacity and investment	*	*	*	*	*	*
Generation and adaptation of technology	*	*		*	*	*
Training of skilled labour	*		*	*	*	*
Development of micro- and medium-sized enterprises	*	*	*	*	*	*
Development of Central American integration			*	*	*	
Modernization of State management			*	*	*	
Conservation and rational use of natural resources	*	*	*		*	*

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Area of concentration	Area of focus: Alleviation of property	Environment and natural resource management	Management development	TCDC	Transfer and adaptation of technology	WID
Optimum use of technical cooperation			*	*	*	
Modernization of the economy	*	*	*		*	
Rehabilitation and development of the productive and social infrastructure	*		*			*
III. ALLEVIATION OF POVERTY						
Social compensation for adjustment programmes	*			*	*	*
Generation of temporary employment	*		*	*	*	*
Incorporation of marginalized groups in productive employment	*	*	*		*	*
Broadening the coverage and improving the quality of education and health services	*		*	*	*	*
Reassertion of the value of cultures and ethnic groups	*			*		*
Strengthening of action to provide more opportunities for traditionally marginal groups	*		*	*	*	*

a/ Asterisks indicate major linkage only.

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PROGRAMME PLANNING

Country and intercountry programmes and projects

SIXTH COUNTRY PROGRAMME FOR GUATEMALA

Note by the Administrator

I. PREPARATORY PROCESS

1. The formulation process of the sixth country programme involved a permanent dialogue among the national authorities and a technical cooperation needs assessment carried out by the Economic Commission for Latin America and the Caribbean.

2. The process also included several formal consultations organized by the General Secretariat of the National Council for Economic Planning (SEGEPLAN) with the highest public authorities representing each one of the areas of concentration.

3. The formulation of the country programme took into account the economic and social strategies of Guatemala and the UNDP advisory note, as well as the mid-term review of the fifth country programme. The conclusions and recommendations of the latter have been incorporated in the sixth country programme.

II. ANALYTICAL COMMENTARY ON THE COUNTRY PROGRAMME

4. The objective of the sixth country programme, which covers the period 1992-1996, is to support governmental goals aimed at the alleviation of poverty and consolidation of the peace process, as well as stabilization and sustained economic growth as a platform for peace.

5. The strategy for the programme is focused on facilitating the development process; supporting the productive, social and institutional transformation processes; and contributing to the development and extension of participation instancies and schemes for development. Special attention will be paid to capacity-building of the General Secretariat of the National Council for Economic Planning in its role as coordinator of technical cooperation management, as well as other institutions designated by the Government. The Government intends to make use of UNDP limited resources to mobilize other resources using its comparative advantages related to access to know-how and capacity to facilitate the coordination of external assistance.

6. The three areas of concentration for the sixth country programme are as follows: (a) contribute to the consolidation of the peace and reconciliation process; (b) support the stabilization and economic growth processes; and (c) support actions aimed at poverty alleviation.

7. The first area, which is directly related to the Government's National Peace and Reconciliation Plan, will be assigned 13 per cent of the combined IPF and cost-sharing resources envisaged. It will concentrate UNDP support to the economic and social programmes of the Peace and Reconciliation Plan in the following sub-areas: facilitation of dialogue to permit decision-making on national problems related to the peace and reconciliation process; support for the management of the Guatemala Peace Fund (FONAPAZ) linked to the National Peace and Reconciliation Plan; reintegration of populations uprooted by the armed conflict through support to existing and new communities which receive uprooted groups; and institutional support for institutions dealing with justice and human rights such as Congress.

8. The second area, support to the stabilization and economic growth process, is linked to the Government's programmes in these areas. It will focus on improving relations with the international financial institutions, including assistance on stabilization policies; strengthening the productive processes to satisfy the internal and external markets, including production and marketing technologies; export promotion; training, including capacity-building, for public investment and for the design, implementation and evaluation of policies, programmes and projects; support to microentrepreneurs; rational use of natural resources and integrated rural development linked to environmental protection; and modernization of the State and its decentralization in order to support all the areas of concentration of the programme. This area will take 29 per cent of the combined IPF and cost-sharing resources envisaged.

9. The third area, support for action to alleviate poverty, is aimed at strengthening the peace process and will involve support for the establishment of social compensation measures to mitigate the impact of the stabilization and adjustment programmes of the Government (particularly of women of child-bearing age, widows, children, old people and the disabled), including continued support to the Social Emergency Fund (FESS) and other new measures in close coordination with the Guatemalan Peace Fund; support for employment and income-generating programmes with an emphasis on the rural area;

contribute to improve the coverage and quality of education (education for all and curricula development) and health services (epidemic prevention campaigns); identification and support to human development programmes, with particular emphasis on women, and to indigenous populations. This area will have 54 per cent of the combined IPF and cost-sharing resources envisaged.

10. The Administrator notes with pleasure that the sixth country programme responds to national priorities and focuses on specific programmes of the Government such as the National Peace and Reconciliation Plan. It corresponds to thematic priorities contained in General Assembly resolution 42/211 and decision 90/34 of the UNDP Governing Council, namely, poverty eradication and grass-roots participation in development, environmental problems and natural resource management, management of development, technical cooperation among developing countries, transfer and adaptation of technology for development, and women in development. It also addresses other UNDP priorities such as human development, education for all, and prevention of epidemics.

11. The sixth country programme has $10,402,000 in IPF resources, minus $763,000 lent to the fifth country programme, $2,029,000 in government cost-sharing resources and $10,700,000 in third-party cost-sharing. The total resources foreseen, including IPF, cost-sharing, and the government cash counterpart contribution amount to $22,368,000. There is an unprogrammed reserve of $839,500 representing 8.7 per cent of the IPF.

III. MANAGEMENT OF PROGRAMME IMPLEMENTATION

12. The Government had requested a NaTCAP mission prior to the formulation of the sixth country programme to strengthen its management system for technical cooperation. The mission took place and a Special Programme Resources project was approved. The NaTCAP methodology will be used in the sixth country programme with respect to development institution-building, programming and coordination of technical cooperation and support for the formulation of development policies, programmes and investments.

13. The UNDP country programme resources will be used as seed money to mobilize additional technical and financial resources in the areas of concentration, including the refinement of strategies for each of the areas of concentration. Strategic projects executed by the Government will be designed to convert the areas of concentration into programmes, including recommendations for the reallocation of existing resources, the management of the effort to mobilize additional resources, and the identification of critical areas which have been neglected, or those which require complementary resources.

14. In line with the programme approach, the sixth country programme envisages a greater use of the national execution modality. A strategic project will be designed for government execution aimed at launching new management modalities. The Government also envisages using the Management

Development Programme (MDP) to support the modernization and decentralization of the State.

15. In view of the accumulated experience in other countries of Latin America, particularly with respect to poverty alleviation, and economic and social rehabilitation of regions in conflict, the country programme will make intensive use of technical cooperation among developing countries (TCDC). It will also continue TCDC joint actions for which contacts have been established with Colombia, Chile and Central American countries, and pursue cooperation with new partners.

IV. RECOMMENDATION

16. The sixth country programme has been arrived at by consensus and in coordination among the Government, United Nations agencies and UNDP. It envisages the programme approach in support of the National Peace and Reconciliation Plan and the definition of other programmes in the other areas of concentration. The Administrator endorses the mutually reinforcing nature of the various country programme approaches, namely, the programme approach, national execution, as well as the NaTCAP and MDP methodologies.

17. For the above reasons, the Administrator recommends that the Governing Council approve the sixth country programme for Guatemala.